

TOTVS S.A.
Publicly-held Company
Corporate Taxpayer's ID (CNPJ/MF): 53.113.791/0001-22
Corporate Registry (NIRE): 35.300.153.171

MATERIAL FACT

TOTVS S.A. ("TOTVS") (Bovespa: TOTS3), pursuant to Instruction 358, of March 3, 2002, issued by the Brazilian Securities and Exchange Commission (CVM), as amended, and in continuation of the Notice to the Market published on March 25, 2010, hereby informs its shareholders and the market in general that, on this date, it entered into a Quota Purchase Agreement through which it acquired, for up to R\$43,000,000.00 (forty-three million reais), 100% of SRC SERVIÇOS EM INFORMÁTICA LTDA. ("SRC"), which owns the assets related to the operations of the companies LOGISTICS SOLUTIONS LTDA., FUTURA SOLUÇÕES EM FINANÇAS LTDA., ACTON DESENVOLVIMENTO E CONSULTORIA DE NEGÓCIOS LTDA., SGP - SOLUÇÃO DE GESTÃO DE PESSOAS LTDA. and AUTUS DESENVOLVIMENTO DE SISTEMAS LTDA., all of which are software application Development Franchises linked to the "Datasul" brand ("Development Franchises").

As a result of this transaction, TOTVS has rescinded all the franchise agreements with the above-mentioned Development Franchises. The above acquisition price is subject to compliance with certain specific conditions.

In accordance with article 256 of Law 6404 of December 15, 1976, the acquisition will be submitted to the approval of the shareholders at an Extraordinary Shareholders' Meeting to be called in due time. Any shareholders dissenting from the resolution at the Extraordinary Shareholders' Meeting ratifying the acquisition of SRC may exercise their right of withdrawal pursuant to Law 6404/76, said right of withdrawal to be granted to shareholders registered as such on August 2, 2010 (i.e. as of August 3, 2010, shares will be traded ex-withdrawal rights).

The transaction will also be submitted to CADE, Brazil's antitrust authority.

São Paulo, August 2, 2010.

José Rogério Luiz
Investor Relations Officer